



FORKLIFT INITIATIVE

QUESTIONS AND ANSWERS

1. Why do we need to reduce air pollution?

In Texas and across the nation, air pollution is a problem. Many cities and communities in the eastern half of Texas are not meeting the air quality standards that were established by the U.S. EPA. Other cities in the state are on the verge of failing to meet the standards. Everyday activities, such as operating industrial equipment, contribute to the problem. Participating in the Forklift Initiative Grant Program is a way to do your share to clean the air.

2. Is this program replacing TCEQ's TERP program for forklifts?

No. You may opt to apply for a grant from TCEQ during one of its request for application periods for an Emissions Reduction Incentive Grant, or you may submit an application to the RRC under the Forklift Initiative Grant Program. However, you are NOT eligible for grants from both programs for the same activity.

3. What equipment is eligible?

Pre-2004 forklifts may be replaced by propane forklifts or engines that meet or exceed EPA's 2004 emissions standards.

4. What counties can I operate the new forklifts in?

Activities in 41 counties are eligible for TERP grants. These are Bastrop, Bexar, Brazoria, Caldwell, Chambers, Collin, Comal, Dallas, Denton, El Paso, Ellis, Ft. Bend, Galveston, Gregg, Guadalupe, Harris, Hardin, Harrison, Hays, Henderson, Hood, Hunt, Jefferson, Johnson, Kaufman, Liberty, Montgomery, Nueces, Orange, Parker, Rockwall, Rusk, San Patricio, Smith, Tarrant, Travis, Upshur, Victoria, Waller, Williamson, Wilson

5. When are grant applications accepted?

Applications will be accepted for installations made no earlier than January 1, 2004, and no later than the date of termination of the program. Applications shall be considered on a first-come, first-served basis according to the receipt dates of complete and correct applications.

Applications may be mailed or hand-delivered to the Railroad Commission of Texas, Alternative Fuels Research and Education Division, 1701 North Congress Avenue, Room 11-1700, P.O. Box 12967, Austin, Texas 78711-2967. Applications may not be submitted electronically or by facsimile transmission (FAX).

6. Do I have to own the old forklift?



FORKLIFT INITIATIVE

QUESTIONS AND ANSWERS

Yes. The old forklift must have been owned by you for the past two years, operated in Texas during that time, be in operating condition, and would continue to be used for the activity life of the new equipment.

7. Is leasing a new forklift an eligible project?

Leasing a new forklift to replace an older forklift that the applicant has leased or owned for the past two years is an eligible project. The old lift, whether leased or owned, must be scrapped or permanently removed from Texas (see Alternative Disposition).

The lease on the new equipment must be for a minimum of five years, and must extend to the end of the activity life of your equipment under the grant. If you are doing a "lease-to-own", the lease agreement must include a binding commitment to pay any remaining costs and to take ownership of the equipment at the end of the lease.

If the lease is a "lease-to-own", the cash value of the equipment may be considered for the grant request. If the lease is one where the forklift will be returned at the end of the lease, only the lease cost may be considered as part of the grant request. In either case, interest is not eligible.

A copy of the signed lease must accompany your application.

8. If my distributor offers a "zero down payment" plan, can I still receive the grant?

The grant only covers costs the owner has actually expended to date. For example, if you make zero down payment and have 60 months to pay, you will not receive your grant until your payments equal the grant amount.

9. Can I apply the grant toward the down payment?

Yes. For example, if you purchased an \$18,000 forklift, you could apply the grant amount as reimbursement for the down payment. If you lease the equipment, your finance company must agree.

10. Must the new forklifts be insured?

Yes. You must maintain sufficient property insurance to cover repair or replacement of the forklifts funded under this grant. Insurance proceeds must be used to obtain a forklift or engine with equivalent or lower emissions than the one funded.

11. How long does the new forklift have to operate in the eligible counties?

The minimum is five years and 9,000 hours. The forklifts must operate in the eligible counties for the number of years you commit to on the Grant Application form, which is a binding contract when the incentive is issued.

12. How do I document the required maintenance on the forklifts?

You may either service the forklifts in-house, or contract with a forklift maintenance company. In either case, the maintenance must follow manufacturer's recommendations.

The technician(s) performing the maintenance must have completed a RRC-approved OEM maintenance class and the employer must have a current RRC Category L license before a grant can be issued. You will be required to provide



FORKLIFT INITIATIVE

QUESTIONS AND ANSWERS

annual documentation of the maintenance over the Remaining Useful Life of the equipment.

13. Must I purchase my forklifts from a participating forklift distributor?

Yes. The company from which you purchase the forklifts must have a participation agreement on file with the Railroad Commission of Texas and hold a current RRC Category L license.

14. Can I assign the grant to my forklift distributor?

Yes, as long as the distributor has a participation agreement on file with the Railroad Commission of Texas and holds a current RRC Category L license.

15. What happens to the emission reductions from the new forklifts?

The emissions reductions are transferred to the Texas Commission on Environmental Quality for the state implementation plan, and are permanently retired. Such emission reductions may not be used to meet any other regulatory requirement or participate in an incentive program.

16. What happens to the old forklift?

Old equipment must be scrapped (the preferred option) or else removed from Texas and not returned (with a RRC pre-approved alternative disposition plan). Alternative disposition methods must be submitted in writing to the RRC and approved prior to making application for the grant. You have 90 days after receipt of grant approval to provide documentation regarding how the equipment was properly disposed of.

17. What is the cost-effectiveness ceiling?

Each new forklift must reduce NOx emissions by at least 25 percent, at a cost not to exceed \$5,000 per ton of NOx reduced. An Incentive Amount Estimator from the Railroad Commission is available at www.propane.tx.gov or by calling (800) 64-CLEAR.

18. What does “Remaining Useful Life” or “Activity Life” mean?

This is the number of years the old forklift would have been operated and determines the number of years to be used when calculating your grant amount. The range is five to seven years.

19. If I accept the grant, how long am I bound by the terms outlined in the application I sign?

The approved application is a binding contract. The Railroad Commission will monitor compliance with the terms of the grant for the period of time you enter on the application and until 9,000 hours are reached.

20. What costs should I include on the application under “Invoice Total” for the cost of the new equipment?

This amount may include the actual invoice cost of the equipment, plus sales tax and delivery charges, supplies directly related to installation of engines or retrofit devices, installation costs, and re-engineering costs. The grant amount may not exceed the



FORKLIFT INITIATIVE

QUESTIONS AND ANSWERS

cost of the new equipment minus the scrappage value of the older equipment. Expenses for in-house labor and travel are not covered by the grant.

21. What documentation do I need to submit with the application form?

Generally the application is a two-step process. Forklift distributors may fax in an application form with as many fields as possible filled out. Included with the faxed application will be 1) maintenance records for the past two years indicating ownership and operating hours and 2) specification sheets, manufacturer's statement of origin or other documentation of engine model and horsepower for the old and new forklift. You will receive a faxed letter confirming the grant estimate, based on the documentation you have provided.

After the new forklift has been delivered and paid for and the old one has been scrapped, the following items will must be submitted before the grant can be processed:

- Original, signed copy of Forklift Initiative Application Form
- Copy of the purchase or financing agreement and/or invoice showing the price paid for the new equipment and copy of payment
- Copy of Scrap Receipt
- Photo of Destroyed Engine and disabled chassis
- Maintenance contract for new equipment
- Proof of property insurance from your insurance carrier (ACCORD form)

22. Where can I learn more about the program?

Call the Alternative Fuels Research and Education Division (AFRED) at the Railroad Commission of Texas at (800) 64-CLEAR or visit www.propane.tx.gov.